BRIEF AND ARGUMENT FOR DEFENDANT IN ERROR.

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SUPREME COURT OF THE UNITED STATES.

OCTOBER TERM, 1897.

HENRY PRATT AND JOHN J. RYAN, PARTNERS, AS HENRY PRATT AND COMPANY,
Plaintiffs in Error,
vs.
PARIS GAS LIGHT & COKE COMPANY,
Defendant in Error.

Error to the Supreme Court of the State of Illinois.

Brief and Argument for Defendant in Error.

MAY IT PLEASE THE COURT:

On January 8, 1889, plaintiffs in error, partners, doing business as Henry Pratt and Company, entered into an agreement with the Paris Gas Light & Coke Co., the defendant in error, to furnish and set up for said defendant, at its works in the city of Paris, Edgar county, Illinois, an apparatus for the manufacture of water gas, in accordance with patents granted to Pratt and Ryan, April 22, 1884, and April 12, 1887, the component parts of said apparatus being set forth in the contract. Said apparatus was to be completed and ready for making gas on or before the 1st day of March, 1889, for which, and the right to use the same, defendant in error was to pay plaintiffs in error the sum of $4,850, in thirty days after the completion of said

work and the same had been tested to the satisfaction of defendant. It was further agreed that the said Pratt and Ryan should save and keep harmless defendant in error from any suit which might be brought against it, for any infringement of any patent, and if any suit should be brought there, defend the same at their expense. (Rec. p. 5, 6.) The negotiations leading up to the contract were had between Henry Pratt on the part of plaintiff in error and Z. E. Powell and James A. Eads, then respectively, president and attorney for defendant in error.

During these negotiations, the question of the right of Pratt and Ryan to use and dispose of the apparatus in question was discussed at some length, and plaintiffs in error were informed that defendant in error would not purchase the apparatus or enter into the contract if there was any claim by any one that the patents entering into said apparatus were an infringement on any other patents; that defendant in error would not take the risk of having proceedings for infringement brought against it, whether said patents were, as a matter of fact, infringements or not (Rec. pp. 29, 30, 31, 32, 45), and defendant was assured that there was no claim of infringement relating to said patents; that some such claims had been made but they had been abandoned. Soon after making the contract, plaintiffs in error entered upon the construction of the apparatus, when about the 20th of January, 1889, defendant in error was notified that the National Gas Light and Fuel Company claimed that the Pratt and Ryan patents were an infringement upon patents held by it, and that it would bring suit against defendant in error for the use of the same. Thereupon defendant in error notified Mr. Ryan one of the plaintiffs in error, that defendant in error did not want the apparatus if it had to have litigation about it, and that the work should be stopped until something was done in the matter.

Plaintiffs in error thereupon offered to give defendant in error an indemnifying bond protecting it against the results of any litigation, on condition that the work might proceed. In consideration of this promise, plaintiffs in error

were permitted to proceed and complete the erection of the apparatus, which they did, in the latter part of February, 1889 (R. 33, 34, 38, 45, 46, 47, 48). A bond in the sum of $7,500 was prepared and sent to Chicago, Illinois, for plaintiffs in error to execute, which they refused to do. Defendant in error began using the apparatus, and on July 29, 1889, the National Gas Light and Fuel Co. began suit in the United States Circuit Court for the Southern District of Illinois, against defendant in error, for infringement, damages and injunction. (R. 94.) Plaintiffs in error employed counsel to defend said suit. An answer was filed September 30, 1889, and no further steps were taken in said case up to the time of the trial of said suit in the Circuit Court of Edgar County, March, 1893. After the suit in the United States Circuit Court had been pending for some time, and before the commencement of this suit, in the Circuit Court of Edgar County, defendants in error abandoned the use of the apparatus, on account of the claim of infringement, set up in the suit in the United States Circuit Court, and notified plaintiffs in error to remove it (R. 65, 67).

This suit was brought in the Edgar Circuit Court on the 2d day of March, 1892, for the recovery of money alleged to be due for the construction of said apparatus. The declaration contained the common counts. To this the defendant in error filed a plea of general issue, and four special pleas, the second plea alleging that the cause of action is on the written contract, plaintiffs' exhibit "A;" that the patents mentioned in said contract are an infringement on the Springer and Lowe patents, and are void; that plaintiffs in error have not kept defendant in error harmless against suits for infringement, as provided in said contract; that a suit is pending in the United States Circuit Court against defendant in error for an infringement of the Springer patent, and that the consideration of said contract has failed in all except as to $100; the third plea alleges that plaintiffs in error obtained the contract by fraud and circumvention, which consisted of representations that the plaintiffs' patents were not infringements on any other patents; that they were not

infringements on the Springer patent, which representations, at the time plaintiffs knew to be untrue; that said Springer patent belongs to the National Gas Light and Fuel Company; that said National Gas Light and Fuel Company had commenced a suit against plaintiffs for an infringement of the Springer patent, and found that it had no claim, and had abandoned all claim of infringement, and that the said National Gas Light and Fuel Company did not then claim that plaintiffs' patents were an infringement, and would not molest or disturb the defendant in the use of said patents; that these statements were falsely and knowingly made to induce defendant to enter into the contract; that defendant stated to plaintiffs, before said contract was entered into, that if said defendant was liable to be sued for an infringement for the use of plaintiffs' said water gas apparatus that the defendant would not purchase the same, and plaintiffs assured defendant that no suit would be brought against it by any one for infringement; that the defendant, confiding in said false and fraudulent representations, executed the contract, and not otherwise; that shortly after the execution of the contract, to wit, on the 29th day of July, 1889, the National Gas Light and Fuel Company commenced suit in the Circuit Court of the United States for the Southern District of Illinois, for an infringement of the Springer patent, and that said suit is now pending; that plaintiffs, well knowing that they could not successfully defend the same, have neglected and refused to have the same tried and protect defendant, and defendant was compelled to and has ceased to use said water gas apparatus, and can not use the same by reason of the premises; that before the commencement of this suit, defendant tendered back to the plaintiffs said apparatus, and requested them to remove the same from the premises of defendant.

The fourth plea alleges substantially the same representations as in the third plea, and, that while plaintiffs in error were about to commence the construction of the apparatus, the National Gas Light and FuelCompany notified defendant in error that the Pratt and Ryan apparatus was an infringe-

ment on its patents, and that thereupon defendant in error notified plaintiffs in error that defendant would not take or accept said apparatus agreed to be furnished, and that thereupon plaintiffs proposed that if defendant would permit them to proceed and furnish and erect for defendant said gas apparatus, that before asking or receiving pay for the same, plaintiffs would give the defendant a good and sufficient bond, with good security, indemnifying the defendant against all costs, damages and expenses that it might suffer by reason of said patents and said water gas apparatus, if they were an infringement upon any other patents or rights of any other persons, and defendant then and there accepted said offer and agreed that the plaintiffs might proceed and erect said apparatus, and to pay for the same, if otherwise according to contract, upon plaintiffs giving to defendant a good and sufficient bond with good security, conditioned as aforesaid, and thereupon after said apparatus was erected by the plaintiffs, plaintiffs refused to give such bond as they had agreed to give as aforesaid, and still neglect to do so.

The fifth plea alleges the same as the others concerning the contract and the manner of its procurement, and that before any part of said apparatus had been erected by plaintiffs, defendant was notified by the National Gas Light and Fuel Company that said apparatus was an infringement on its patents, and that if defendant attempted to use the same, that said National Gas Light and Fuel Company would commence suit against defendant for damages and for an injunction against using said apparatus; that at said time plaintiffs were preparing to erect said apparatus, and defendant notified plaintiffs not to put up said apparatus, as defendant would not receive the same on account of the claims made by the National Gas Light and Fuel Company, and on account of the misrepresentations that had been made by plaintiffs to procure the execution of the contract; that plaintiffs again repeated said false and fraudulent representations, and proposed thereafter that if defendant would allow them to erect said apparatus, that before asking

for payment they would give to defendant a good and sufficient bond, conditioned to save and keep harmless defendant from all suits, costs, expenses and damages, and would defend at their own cost all suits that might be brought against defendant; and defendant, relying upon such representations and promises, consented that plaintiffs might proceed and erect said apparatus, and to pay them for the same, upon plaintiffs giving bond as aforesaid, conditioned as aforesaid, if said apparatus was otherwise according to contract; and that plaintiffs afterward, in violation of said agreement and promises, refused to give said bond of indemnity.

That on the 29th day of July, 1889, the National Gas Light and Fuel Company commenced suit against defendant for an injunction and for $50,000 damages; and that defendant notified plaintiffs of said suit and requested them to defend the same, and plaintiffs then agreed to take charge of said suit and defend it; that they did file an answer therein for defendant on the 30th of September, 1889; that since then plaintiffs have taken no steps in said case and have abandoned said suit, and that said suit is still pending in said court, undetermined: that when defendant found that plaintiffs would not or could not give them an indemnifying bond, as aforesaid, and could not defend said suit and have the same disposed of, the defendant quit using said apparatus, and has wholly ceased to use the same, and before the commencement of this suit notified the plaintiffs to take and remove the same from the premises of defendant. To all of these special pleas a demurrer was interposed by the plaintiffs, which was overruled by the court, and thereupon plaintiffs filed their replication to all of said pleas, denying specifically the matters therein set forth, and upon issue thus joined the cause was tried in the Circuit Court of Edgar County, which resulted in a verdict and judgment for defendant.

BRIEF.

I.

JURISDICTION.

1. NO FEDERAL QUESTION WAS NECESSARILY INVOLVED IN THE DECISION OF THE STATE COURT.

1. To give this court jurisdiction of a writ of error to a State court, it must appear affirmatively, not only that a Federal question was presented for decision by the highest court of the State having jurisdiction, but that its decision was necessary to the determination of the cause, and that it was actually decided, or that the judgment as rendered could not have been rendered without deciding it.

De Saussure v. *Gaillard*, 127 U. S. 216.
Johnson v. *Risk*, 137 U. S. 300.
Cook County v. *Cal. & Chicago Canal Co.*, 128 U. S. 635.

2. To give this court jurisdiction to review the judgment of a State court, under section 709, R. S., because of the denial by the State court of any right, title, privilege or immunity claimed under the Constitution or any treaty or statute of the United States, it must appear of record that such right, title privilege or immunity was *specially set up or claimed* at the proper time and in the proper manner.

Leeper v. *Texas*, 139 U. S. 462.

3. It is essential to the jurisdiction of this court over the judgment or decree of a State court, that it shall appear that one of the questions mentioned in the statute must have been raised and presented to the State court; that it must have been decided by the State court against the right claimed by the plaintiff in error under the Constitution, treaties, laws or authority of the United States, or that such decision was necessary to the judgment or decree rendered in the case. If this court finds that the Federal question was rightly decided, the judgment must be affirmed. If it finds that such question was erroneously decided, then it must

inquire whether there is any other matter or issue adjudged by the State court, sufficiently broad to support the judgment, notwithstanding the error in the decision of the Federal question. If this be found to be the case, the judgment must be affirmed without examination into the evidence, or soundness of the decision of such other matter or issue.

Murdock v. *Memphis*, 20 Wall. 590.

4. When it does not appear upon what ground the highest court of a State placed its judgment, and the judgment may be supported without deciding a Federal question, this court is without jurisdiction of it, in error.

Walter A. Wood Co. v. *Skinner*, 139 Ill. 293.

5. This court can not review the final judgment of the highest court of a State, even if it denied some right, title, privilege or immunity to the unsuccessful party, unless it appear from the record that such title, right, or immunity was "specially set up or claimed" in the State court, as belonging to such party under the Constitution, or some treaty, statute, commission, or authority of the United States."

R. S., Sec. 709.

Oxley Stave Co. v. *Butler County*, 166 U. S. 468.

II.

IN THIS CASE, THE PLAINTIFFS ASKED NO RELIEF UNDER ANY ACT OF CONGRESS. THEY BROUGHT THEIR SUIT FOR GOODS SOLD AND DELIVERED, WORK AND LABOR DONE, AND FOR MONEY DUE ON AN ACCOUNT STATED IN PURSUANCE OF A CONTRACT.

1. Controversies arising out of contracts concerning patent rights do not necessarily belong to the Federal courts.

Burr v. *Gregory*, 2 Paine, 426.

Hartel v. *Tilghman*, 99 U. S. 547.

Wilson v. *Sanford*, 10 How. 99.

2. It is perfectly well settled, that where a suit is brought on a contract of which a patent is the subject-matter, either

to enforce such contract or to annul it, the case arises on the contract or out of the contract, and not under the patent laws. Opinion of Bradley, Justice, in,

Hartel v. *Tilghman*, 99 U. S. 558.

3. The exclusive jurisdiction of the United States courts does not extend to cases arising on contract like the one at bar, but extends only to cases arising under the patent right or copy right laws of the United States. R. S., Sec. 711, Par. 5.

III.

WHERE THE QUESTION OF THE VALIDITY OF A PATENT ARISES COLLATERALLY, THE STATE COURT MAY PROPERLY ADMIT EVIDENCE ON SUCH QUESTION.

1. A State court has jurisdiction of an action founded on a contract, although the validity of a patent may be involved therein.

3 Wait's Action & Def., 766.
Rice v. *Garnhardt*, 34 Wis. 453.
Nash v. *Lull*, 102 Mass. 60.
Slemmer's Appeal, 58 Pa. St. 155.

2. In an action begun on a bond given in consideration of a patent, in which the plaintiff does not admit the existence of the patent, or the right to sell it, it may be shown that there was no such patent, or that it was invalid, or that the plaintiff had no right to sell it.

Nye v. *Raymond*, 16 Ill. 153.

3. Where a contract is made in reference to patent rights which is not provided for and regulated by an act of Congress, the parties in the case stand upon the same grounds as other litigants, in respect to the jurisdiction of the court.

Blanchard v. *Sprague*, 1 Clifford, 284.
Goodyear v. *Day*, 1 Blatch. 565.
Page v. *Dickenson*, 28 Wis. 694.
Rich v. *Atwater*, 16 Conn. 409.
Peck v. *Bacon*, 18 Id. 377.
Saxton v. *Dodge*, 57 Barb. 84.
David v. *Park*, 103 Mass. 501.

ARGUMENT.

I.

No Federal Question was Necessarily Involved in the Decision of the State Court.

The suit was brought in the Circuit Court of Edgar County, Illinois, for the recovery of money on a simple contract in writing. The defense pleaded several matters in avoidance of the contract. If any one of these pleas, not involving a Federal question, was properly pleaded and judgment for defendant can be sustained thereon in the highest court of the State, then this court will not disturb such judgment. Concerning the issue raised, and the result, the Appellate Court of Illinois, to which the case was taken on appeal, says:

"This was assumpsit by appellants against appellee to recover the price of a certain apparatus for the manufacture of water gas, furnished by the former to the latter under a contract in writing. The appellee pleaded the general issue and four special pleas. The latter were in effect that the consideration had failed; that the contract had been entered into upon false and fraudulent representations by the appellants, as to material facts, involving the right to use the patent for the manufacture of gas by the apparatus in question; and that the appellants had failed to indemnify the appellee against the claims of the real owner of the patent.

The evidence tended to show:

1st. That while the parties were negotiating, the appellee distinctly informed appellants that it would not buy the apparatus if there was any question as to the right to use the patent, and that if there was any claim of that sort, whether valid or not, it would have nothing to do with the matter; and that appellants then represented that while there had been a claim that the patent was an infringement upon what was known as the Springer patent, that claim had been abandoned and there was no such claim

made by the holders of the Springer patent, and that upon the faith of this representation, the appellee signed the contract.

2d. That this representation was false, and so known to appellants, and that shortly after the contract was signed, and "while the apparatus was being put in place, the appellee was notified by the National Gas Light and Coke Company, that the use of the apparatus would infringe upon the Springer patent, and that a suit would be brought against the appellee if it should use the same; that appellee then notified the appellants of the fact, and of its unwillingness to proceed further in the matter; and that appellants, to induce the appellee to proceed, promised to give the appellee a bond of indemnity against any loss in the premises, whereupon appellee consented to proceed, but that the bond was never given.

3d. That a suit was brought against the appellee by the National Gas Light and Coke Company in the U. S. Circuit Court for the Southern District of Illinois for an infringement of said Springer patent, which suit, though brought nearly four years previously, and which appellants, by the terms of the contract were bound to defend, was still pending and undetermined.

4th. That the use of the apparatus was an infringement upon the Springer patent, and that the appellee was liable for damages on that account for the time during which it had used the apparatus, a period of a year or more, and it appearing that appellants were not defending said suit as by the true meaning of the contract they were bound to do, and that they would not execute the bond of indemnity as agreed, appellee quit using the apparatus and notified appellants that it would not pay for the apparatus, and that the same was subject to their order.

We are inclined to hold that the jury were warranted by the proof in finding that the contract was entered into upon the faith of the representation that the right to use the patent was not disputed and that this representation was known by the appellants to be untrue when it was made; and

further, that appellee was justified in its refusal to proceed under the contract on being apprised of these facts.

Hence the agreement then made by the appellants to give an indemnity bond (in addition to the covenant in the contract to defend any suit brought for infringement) was upon a valid consideration, and the failure to comply with this agreement was good reason for refusing to use the apparatus or to pay for it.

We are also inclined to hold that the pendency of the suit in the Federal court for so long a period, unexplained, sufficiently supports the allegation of the plea that the appellants had failed to defend the suit as by their contract they had agreed to do."

Pratt & Co. v. *Paris Gas L. & C. Co*, 51 Ill. App. 604.

It is beyond controversy that each one of the special pleas, if sustained by the evidence, presented a good and complete defense to the cause of action. It is equally clear that there can be no question of the right of the trial court to entertain all of said pleas, except the one involving the infringement of the patent. If judgment could properly pass for defendant on any one of said pleas aside from the one involving the question of infringement, then no Federal question was necessarily involved in the judgment. Under the statutes of the State of Illinois, the decision of the Appellate Court, to which the appeal was first taken, is final upon all questions of fact. As shown in the foregoing, the Appellate Court found that the evidence sustained two of defendant's special pleas, besides the plea relating to infringement. The pleas of fraud and circumvention, and of failure to furnish an indemnifying bond in accordance with its promise made so to do, were sustained by the evidence as found by the Appellate Court, and either of these pleas presented a complete defense to the action. From the decision of the Appellate Court an appeal was taken, as provided by law, to the Supreme Court of the State, where the case was duly considered.

Concerning the finding of facts under the special pleas, the Supreme Court said:

"It was held by the Appellate Court, as they were warranted by the evidence in doing, that the contract between appellants and appellee was entered into by the latter upon the faith of representations by appellants that the right to use the patent was not disputed, which representations were known to appellants to be untrue when made; and further, that upon becoming aware of the fact that the rights of appellants were disputed (in respect of which fact there can no longer be any controversy) appellee was justified, as we think it unquestionably was, in its refusal to proceed under the contract, and it therefore necessarily follows that the conclusion of the Appellate Court that the agreement made by appellants to file an indemnifying bond, in addition to the covenant in the contract to defend any suit brought for infringement, was upon a valid and sufficient consideration, and the failure of appellants to comply with the agreement would authorize appellee to rescind; hold the apparatus subject to the order of appellants, and refuse to pay therefor. Upon the most careful consideration of the case, we can find no error in the rulings of the trial court in respect to this issue." (R. 197.)

Whether the evidence sustained the special pleas was a question of fact, upon which, as above suggested, the decision of the Appellate Court was final. Whether those pleas were properly pleaded was a question of law, which the Supreme Court had the right to review. The Supreme Court holds that these pleas were properly pleaded, without regard to the direct question of infringement. We submit, therefore, that the judgment of the trial court not only can be, but was, sustained by the decision of the highest court of the State, upon other grounds that those upon which the Federal question is sought to be raised, and that therefore, no Federal question was necessarily decided, in an affirmance of the judgment of the trial court. It is true, that the Supreme Court characterizes the Federal question as the most important one in the case, and as the one chiefly relied upon by appellants for a reversal (R. 198), but it does not say that the decision of that question was necessary in order to sustain

the judgment of the court below, nor does it base its affirmance of the judgment on the Federal question. It simply holds that the trial court did not err in admitting testimony on the question of infringement. It discusses the question at some length in an able opinion, and cites authorities in support thereof.

When it does not appear upon what ground the highest court of a State placed its judgment, and the judgment may be supported without deciding a Federal question, this court is without jurisdiction of it in error.

Walter A. Wood Co. v. *Skinner*, 139 U. S. 293.

We maintain that the case at bar is stronger than the one in the authority just cited, because it clearly appears from the decision of the Supreme Court of the State of Illinois, upon what grounds the judgment was sustained, namely, the grounds of fraud and circumvention in procuring the contract in question, and the failure to give an indemnifying bond in accordance with the subsequent promise set up in one of the pleas. In order to sustain the jurisdiction of this court, it must appear that the decision of a Federal question was necessary to the judgment rendered in the case.

It is not sufficient that a Federal question was decided, and that such decision was adverse to the right claimed by the plaintiff in error, under the Constitution, laws or authority of the United States, but that the decision of the trial court on this question, was necessary to the judgment rendered. Even if this court finds that the Federal question raised was decided erroneously against plaintiff in error, then it must inquire whether there is any other matter or issue adjudged by the State court, sufficiently broad to support the judgment, notwithstanding the error in the decision of the Federal question, and if any other matter or issue adjudged in the State court is sufficiently broad to support the judgment notwithstanding the error in the decision of the Federal question, the judgment must be affirmed.

Murdock v. *Memphis*, 20 Wall. 590.

That other grounds sufficiently broad to sustain the judgment are clearly shown in the record, needs no further argument.

2. No right, privilege or immunity under the Constitution or laws of the United States, was properly set up or claimed in the State courts.

1. Concerning the raising of a Federal question in the trial court, the record shows the following: The witness Martin Dial, who states that his occupation was gas superintendent and the engineer of the Terre Haute Gas Light Company, was asked (R. 49):

"Q. Do you know how the Pratt and Ryan apparatus, which they have here, differed with the Springer apparatus? A. Yes, I think I do.

Q. I will ask you to look at that cut, the blue print (handing witness paper)? A. That is a section in the elevation of the double shell.

Q. Of what apparatus? A. Of Pratt and Ryan.

Q. Look at that for a moment (handing witness paper). I will ask you if that represents the Springer apparatus? A. That is the Springer cupola, or machine.

Q. I think you said you understood the different working parts, by the examination you made? A. Yes, sir.

Q. State to the jury what the difference is between these two different apparatuses.

MR. RICHARDS: There is no evidence here that there is such a thing as the Springer patent; there is no proof before the court that Springer has obtained any patent. I object.

Counsel for defendant offered in evidence letters patent No. 10,032, issued to Theo. G. Springer on the 23d day of October, 1887.

Counsel for plaintiffs object, on the ground that the court has no jurisdiction of the questions of infringements, until the question has been passed upon by the United States courts, and that the only evidence competent to prove an infringement is the record of the United States court finding that there is an infringement.

Objection overruled. To which ruling of the court counsel for plaintiffs took exceptions.

Counsel for defendant offered in evidence Springer patent of reissue, marked defendant's Exhibit C. Counsel for plaintiffs object, for the reason that the original patent should first be offered in evidence and that the instrument shows it to be a reissue.

Objection overruled; to which ruling of the court counsel for plaintiffs took exceptions.

This witness was afterward asked:

"Q. In your judgment, is this apparatus you have seen in Paris, an infringement of the apparatus covered by this patent (the Springer patent)? A. Yes, sir. (R., 51.)

In examination of witness Z. E. Powell (R. 71), he was asked:

"Q. In your opinion, Mr. Powell, is the apparatus here at Paris in controversey, an infringement upon the Springer apparatus, as covered by the letters patent introduced here in evidence.

Counsel for plaintiffs object, because the party has not shown that he is sufficiently an expert, and does not know what the claims of the Springer patent are.

Objection sustained; to which ruling of the court counsel for defendant then and there duly excepted."

He was then interrogated as to his knowledge of the Springer patent, and was subsequently asked:

"Q. You understand thoroughly the apparatus put up by the plaintiffs here in Paris, by Pratt and Ryan; I will ask you if in your opinion the apparatus put up by the plaintiffs here in Paris, is an infringement of the claims of Mr. Springer as set forth in these letters patent?

Counsel for plaintiffs object, because sufficient foundation has not been made for the witness to testify.

THE COURT: Ask him what knowledge he has as to mechanics."

He was then interrogated at length as to his knowledge of mechanical apparatus, in the manufacture of water gas

and his experience in such manufacture, and (R. 73), was asked:

"Q. I will ask you if in your opinion the apparatus put up by the plaintiffs for the defendant here at Paris is an infringement of the claims of Mr. Springer, as set forth in letters patent granted to Mr. Springer, already introduced in evidence? A. I think so; decidedly.

Q. I will ask you to look over the claims of Lowe patent (handing witness patent letter)? A. I understand them.

Q. Have you read the claim here? A. The first claim?

Q. The claims of this letter patent to Lowe—do you understand the claims as set forth in this letter patent, introduced in evidence? A. Yes, sir.

Q. In your opinion, is the apparatus in controversy here at Paris an infringement of the Lowe patent, as set forth in these claims in the patent issued to him, already introduced in evidence? A. I do.

MR. RAUM: We make the same objection as to the former question.

THE COURT: Without showing himself to be an expert—

MR. RAUM: Yes; the same ruling, I suppose.

THE COURT: Yes.

MR. RAUM: We will take an exception."

This was all the testimony introduced by the defendant in error relating to the matter of an infringement, except the transcript from the United States court relating to the suit of the *National Gas Light and Fuel Co.* v. *The Paris Gas Light & Coke Co., and Z. E. Powell, President*, (R. 94 to 108). It will be observed that while an objection was made to the introduction of the Springer patent for the reason therein stated, as above quoted, no objection was made to the questions propounded to either of the witnesses Dial or Powell, nor was any suggestion of a Federal question made at the time these witnesses were interrogated expressly on the subject of an infringement. The only suggestion of a Fed-

eral question made in the trial court, then, is in the objection to the introduction of the Springer patent, the language of which objection is given above, and even there, there is no reference made to any section either of the Constitution of the United States or any act of Congress, under which plaintiffs in error claim any right, privilege or immunity. It may well be urged that no Federal question was raised so as to bring it within the ruling of this court.

In the case of *Oxley Stave Co.* v. *Ballard County*, 166 U. S. 648, this court, in passing upon this question, said: "This court may re-examine the final judgment of the highest court of a State, when the validity of a treaty or statute, or of authority exercised under the United States, is drawn in question, and the decision is against its validity * * * but it can not review such final judgment, even if it deny some title, right, privilege or immunity of the unsuccessful party, unless it appear from the record that such title, right, privilege or immunity was "specially set up or claimed" in the State court, as belonging to such party under the Constitution or some treaty, statute, commission or authority of the United States. R. S. Sec. 709.

2. In addittion to the Pratt and Ryan letters patent numbers 297,162 and 361,078, plaintiffs' Exhibits "F" and "G" (R. 160 to 168), plaintiffs introduced in evidence letters patent to Springer number 196,495, to Granger and Collins number 234,400, and to Van Steenbergh number 248,070, (plaintiff's Exhibits C, D and E, R, 145 to 160). These exhibits were no doubt introduced by plaintiffs to meet some issue raised by the pleadings, and their introduction was an admission on the part of plaintiffs of the right of the court to consider and determine such issue.

At the close of the case, plaintiffs asked the court to give twenty-six instructions to the jury, of which nineteen were given. Of those given, numbers 13 to 25 inclusive (R. p. 182, 183) related directly to the question of infringement. Numbers 13, 14, 17, 18, 19, 20, 23 and 25 related directly to the question of infringement of the Pratt and Ryan patent upon the Springer and Lowe patents. No one of the refused

instructions relates to the question of infringement, and the refusal of the court to give them could not be assigned as error upon that branch of the case. No instruction was asked directing the jury to disregard the evidence relating to the question of infringement, nor was any ruling of the court to that effect, asked during the trial. If no such ruling or instruction was asked and refused or if any such was asked and refused and no exception was taken to the ruling of the court, then no question was presented to the Supreme Court of the State for review. If plaintiffs willingly abided by the action of the trial court, they can not present such action for review in an appellate tribunal.

After the rendition of the verdict by the jury, plaintiffs filed their motion for a new trial, in which five grounds for said motion were set forth, no one of which, "specially sets up or claims" any right, privilege or immunity under the Constitution of the United States or any act of Congress. The first of said grounds is the usual general allegation that "The court admitted on the trial improper evidence on the part of the defendant." (R. 189.) We submit that it can not be contended that a Federal question is presented in this manner, and that up to the close of the trial, by the overruling of this motion and the entry of judgment for defendants in the Circuit Court of Edgar County, no Federal question was raised distinctly, and preserved in such manner as gives plaintiffs in error the right to have the action of the trial court reviewed by this court. When the case was taken to the Appellate Court for the Third District of the State of Illinois, seven errors were assigned on the record by plaintiffs in error. (R. 191.) The first was "Because the court admitted on the trial of said case, improper evidence on the part of defendant," and the sixth, "Because the said Circuit Court of Edgar County had no jurisdiction to try the issues raised by the pleadings in said cause.

Unquestionably, the Circuit Court in which plaintiffs had brought their suit had jurisdiction to try it, and to determine all issues properly joined, and if any issue was

improperly raised, it was the duty of plaintiff to specifically point it out.

No one of the other assignments of error in said court, relates to a Federal question in any manner whatever. We submit that there is no such statement or claim in either the first or the sixth assignments above set forth, as preserves a Federal question.

When the case was taken on appeal from the decision of the Appellate Court to the Supreme Court of the State of Illinois, but one assignment of error was made, which is as follows:

"Because the said Appellate Court of the Third District of Illinois erred in affirming the judgment of the Circuit Court of Edgar County." (R. 196.) Certainly it can not be contended that an assignment of error so indefinite and uncertain, and which points out no alleged error specifically, sets up or claims any privilege, right or immunity under the Constitution or laws of the United States, in such manner as to entitle the plaintiff to have the decision of the highest court of the State reviewed by this court. "A general statement that the decision of a State court is against the constitutional rights of the objecting party, or against the Fourteenth Amendment, or that it is without due process of law, particularly, where these objections appear only in specifications of error, so-called, will not raise a Federal question even where the judgment is a final one within Rev. Stat., Sec. 709."

Clark v. *McDade*, 165 U. S. 168.
Spies v. *Illinois*, 123 U. S. 131.

II.

IN THIS CASE, THE PLAINTIFFS ASK NO RELIEF UNDER ANY ACT OF CONGRESS. THEY BROUGHT THEIR SUIT FOR GOODS SOLD AND DELIVERED, WORK AND LABOR DONE, AND MONEY DUE ON AN ACCOUNT STATED, IN PURSUANCE OF A CONTRACT.

The action in this case does not arise under the patent

laws, or any act of Congress, but arises under the contract made by and between the parties.

Wilson v. *Sanford*, 10 How. 99.

It by no means follows that because a question relating to a patent is involved in a suit, that such suit is brought under the patent laws, within the meaning of the act of Congress. The general rule is, that where a suit is brought on a contract in which a patent is the subject-matter, either to enforce such contract or to annul it, the case arises on the contract or out of the contract, and not under the patent laws.

Dale Tile Mfg. Co. v. *Hyatt*, 125 U. S. 46
Wade v. *Lawder*, 165 U. S. 624.
Hartel v. *Tilghman*, 99 U. S. 547.

One of the earliest cases in which this question arose, was that of *Brooks et al.* v. *Stolley*, 3 McLean, 529, which was a case brought to restrain the use of a planing machine claimed by complainant under the patent, on the ground that defendant had not paid for the use of same, as provided in a contract between the parties. The court said: "It is suggested, that as the whole controversey in the case arises under the contract of license, the parties being citizens of this State, the Federal court can not take jurisdiction. *This question would be unanswerable, if no right were involved in the controversey except what arises out of the contract*, as, for instance, the Circuit Court could take no jurisdiction under a contract, in an action merely to recover the sums agreed upon to be paid by the defendant; but in the present aspect of the case, it is not limited to the contract. The complainants states a right under the patent, and alleges that the defendant is infringing that right, and that the license confers no jurisdiction whatever to the defendant. The right, then, of complainant to an injunction is not founded on the contract, but on the assignment of the patent. If the object of the bill were merely to enfore a specific execution of the contract, the Circuit Court of the United States could exercise no jurisdiction in the case."

So, in the present case, suit is brought for the recovery of money alleged to be due under the contract. It is purely a common law action, in which the plaintiffs sought to recover an amount of money alleged to be due, and even though the validity of the patent is put in issue, by the pleadings, that question arises collaterally, and does not bring the case within paragraph 5, section 711, of the Revised Statutes of the U. S., extending the exclusive jurisdiction of the U. S. Courts to, "cases arising under the patent or copyright laws of the United States." In the case last cited, the jurisdiction of the Federal court was upheld on the express ground that defendant had not paid for the use of the machine as provided in the contract, and that the complainant had brought his suit to restrain the use of the patent, on the ground that the use thereof by the defendant was an infringement of complainant's rights, and that the contract, not having been complied with by defendant, gave defendant no right to the use of said patent under said contract. As said by the court in that case, had it not been that this express ground of relief was set up in the bill, the objection that the Federal court had no jurisdiction would be unanswerable."

"Whenever a contract is made in reference to a patent right which is not provided for and regulated by an act of Congress, the parties, in case of dispute, stand upon the same grounds as other litigants, in respect to the jurisdiction of the court."

Blanchard v. *Sprague*, 1st Clifford, 288.
Goodyear v. *Day*, 1st Blatchford, 565.

"If, in the use of the thing granted, the licensee does not perform his covenants, although there is by such nonperformance a violation of the rights of the patentee, such violation is not a violation of the rights of the patentee as secured by a law of the United States, but a violation of the rights as secured by the covenants, a suit to enforce the

covenants would not be a case arising under the laws of the U. S.

Goodyear v. *Rubber Co.*, 4 Blatch. 63.
Hartshorn v. *Day*, 19 How. 211.

In the *Goodyear* case, 4 Blatch. *supra.* it was further said: "Jurisdiction is not given to the Circuit Courts by the patent acts, of all cases where patent rights are the subject of inquiry. An action of fraud in the sale of a patent right, is cognizable by the State courts. Cognizance of such action is not given to the Circuit Court by the patent act." Citing:

Peck v. *Bacon*, 18 Conn. 377.
Rich v. *Atwater*, 16 Conn. 409.

III.

Where the Question of the Validity of a Patent Arises Collaterally, the State Court may Properly admit Evidence on Such Question.

Counsel for plaintiffs in error strongly insist that the trial court committed error in this matter, which is reviewable in this court. As already suggested in another part of this argument, this question has not been preserved in the record in such manner as to give this court jurisdiction. By referring to the Record, pp. 18, 19, it will be seen that after the filing of several pleas by counsel for defendant, counsel for plaintiffs in error filed their demurrer to the second, third, fourth and fifth pleas of the defendant, and after argument by counsel, the court sustained the demurrer to the second plea, which is the one setting up the defense of infringement, and overruled said demurrer as to the third, fourth and fifth pleas. Thereupon counsel for defendant obtained leave to amend the second plea, which was done. Counsel for plaintiffs again demurred thereto, and after argument the demurrer was overruled, and counsel for plaintiffs replied to all of the pleas. No exception was taken to the action of the court in overruling the demurrer to the amended second plea, nor did plaintiffs choose to abide by

their demurrer, but instead thereof joined issue on this plea, and upon issue so joined went to trial.

The point now under discussion has received the consideration of the courts of final jurisdiction in many of the States, and the right of State courts to hear evidence as to the validity of a patent, where the question arises collaterally, as in this case, has been sustained with few exceptions. The one most confidently relied upon by plaintiffs in error, is that of *Elmer* v. *Pennell*, 40 Me. 430, which, as will be seen hereafter, is expressly repudiated by the courts of several of the States. The case of *Rice* v. *Garnhart*, 34 Wis. 453, is one which was relied upon by counsel for defendant in error in the State courts, is cited with approval by the Supreme Court of Illinois in this case, and referred to by counsel for plaintiffs in error in his brief in this court. It is proper, therefore, that the attention of the court should be called at some length to said case, the matters therein involved, and the questions considered and decided. In that case the court says:

"It is well settled that the Federal courts have exclusive jurisdiction of actions to annul letters patent, and actions between the owners of adversary patents to determine questions of infringement or priority, but in an action brought in a State court to recover the contract price of a patent right, the defendant, for the purpose of showing a want of consideration or failure of consideration, may prove that the patent is void because the patentee was not the first inventor of the patented article." In *Page* v. *Dickerson*, 28 Wis. 695, Justice Cole uses the followingl anguage: "Sometimes the validity of a patent comes in question in a State court in an action brought in those courts upon a note given for a patent right, and the defense is, that there was no consideration for the note. This was the case in *Rowe* v. *Blanchard*, 18 Wis. 441; *Head* v. *Stevens*, 14 Wendell, 411; *Cross* v. *Huntley*, 13 Wendell, 385, see also *Rich* v. *Hotchkiss*, 16 Conn. 409. In such case the courts, in order to determine the rights of the parties and to determine the binding obligations of a contract are necessarily compelled

to inquire whether there was a failure of consideration of the note, because the patent right for which the note was given, was not usable for any beneficial purpose.

If a defendant may show, as a defense to an action on his promise to pay the money for a patent right, that the invention was not usable for any beneficial purpose named in the patent, why may he not show that the patent is of no value because the patentee is not the first inventor, and hence the patent is void. No difference of principle is conceived between the two cases In either case, the defense is, that there was no consideration for the promise, and the defendant must necessarily be allowed to interpose such defense in any court which has jurisdiction of the action brought against him on his promise; to deny him this right, would result in compelling him to pay money on a mere *nudum pactum*, which is contrary to natural justice. It may be claimed that it is competent for the defendant to institute an action in the United States court to procure a cancellation of his agreement, on the ground that the patent in question is void or to compel the plaintiffs and the owners of the patent to interplead and litigate their rights under the respective patents. It is by no means clear whether either of these remedies is available to the defendant, and if available, it by no means necessarily follows that the jurisdiction of the State court is thereby defeated. In such cases, the jurisdiction of the two courts may be concurrent.

There are many adjudications which uphold the jurisdiction of the State courts in actions like this, to inquire into the validity of letters patent. We state a few of them:

Dickerson v. *Hall*, 14 Pick. 217.
Burrell v. *Jewett*, 2 Paige, 134.
Saxton v. *Dodge*, 57 Barber, 84 (p. 115).
Middlebrook v. *Broadbent*, 47 N. Y. 443.

The two last cases contain very satisfactory discussions of the subject, and references to many authorities relating to the subject. The only case to which we have been referred and which, after an extended research, we have been able

to find that lays down a contrary doctrine, is that of *Elmer* v. *Pennell*, 40 Maine, 430.. The court were not unanimous, and although the decision was made nearly twenty years since (1855), it seems never to have been followed by any other court. Believing, as we do, that it is unsound in principle, notwithstanding our high appreciation of the learning and ability of the court by which it was made, we can not agree, and must hold a different doctrine

We conclude our observation on this branch of the case, by a quotation from the opinion of Johnson, Justice, in *Saxton* v. *Dodge*, *supra*, which was a case almost precisely like this. The judge says: "There is no force in the plaintiffs objection, that this court has no jurisdiction to try the question of want of consideration, because it would necessarily involve an inquiry into the validity of the patent. If the issue was patent or no patent, or right or no right under it, so that the judgment would determine that question one way or the other, then the objection would be well taken. But that is not the issue here. The action is upon the note, and the defense is total want of consideration. The issue, therefore, is consideration or no consideration, of the promissory note. The inquiry into the validity of the patent or license, comes in collaterally only, by way of evidence. In such cases the court may inquire into the validity of the patent, as well as anything else for the purpose of determining the question of consideration. Judge Peckham asserts the same doctrine in *Middlebrook* v. *Broadbent*, and says that the court has been referred to no case in that State which holds to the contrary."

Counsel for plaintiffs in error attempts to draw a distinction between the question involved in the case of *Rice* v. *Garnhardt*, which was the lack of novelty of the patented article and the question of infringement, as brought in issue in the case at bar. The distinction is not clear, so far as it affects the right of the court to make the inquiry. The case decides, broadly, that where the question arises collaterally, the State court has the right to hear evidence on the question of the validity of the patent. The validity of the patent

may be determined on either of the grounds suggested by counsel, or on the many other grounds that may be suggested. It may be on the ground of want of novelty, of infringement, that no such patent was issued, or that if issued, it has expired; all of which would raise the question of the validity of the patent. Paragraph 5, section 711, of the Revised Statutes, extends the jurisdiction of the United States courts to cases arising under the patent laws. It confers no express jurisdiction where the question is one of infringement, any more than where any other question affecting the validity of the patent, may arise. It is difficult to see any reason why a State court may inquire into the validity of a patent for one reason, and not inquire into its validity for any other reason; and no such reason can exist, unless by positive statutory prohibition.

Moreover, counsel for plaintiff's in error evidently misapprehends the force of the decision in *Rice* v. *Garnhardt, supra*, when he insists that said case does not sustain the right of the State court to inquire into the question of infringement when presented collaterally. The opinion quotes approvingly from *Page* v. *Dickinson*, 28 Wis. 665, in which in support of said right, the court said: "If a defendant may show as a defense to an action on his promise to pay money for a patent right, that the invention was not usable for any beneficial purpose named in the patent, why may he not show that the patent is of no value *because the patentee is not the first inventor, and hence the patent is void.* No difference in principle is conceived between the two cases." To show that the patentee was not the first inventor, and hence his patent is void, is to show that his patent is an infringement on that of the first inventor. There is no escape from that conclusion. To the same effect is the decision of the court in *Nash* v. *Lull*, 102 Mass. 60, hereafter referred to where the court holds that the issue on a plea of no consideration in a suit on a note given for a patent right is the same as in a suit in the United States court for the infringement of a patent, the validity of which is denied by defendant.

In *Slemmer's Appeal*, 58 Penn. St. 163, Sharswood, Justice, says: "But though patent rights are peculiarly within the jurisdiction of the United States courts, yet it is undoubtedly true that when they come in question collaterally, their validity may become the subject of inquiry in State courts. Thus, in a suit upon a promissory note, if it is set up as a defense that the consideration was the sale of a patent right, and that the patent was void so that there was in fact no consideration, the State court consistently exercises jurisdiction.

Bliss v. *Negus*, 8 Mass. 46.
Cross v. *Huntley*, 12 Wendell, 389.
Rich v. *Atwater*, 16 Conn. 414.
Burr v. *Gregory*, 2 Paine (Cir. Ct.) 429.
Rhem v. *Holliday*, 4 Harris, 347.

The jurisdiction is not defeated, because the subject-matter of the action concerns the use of a patent right, so long as the question of the validity of the patent is not necessarily involved, but arises only incidentally, and by way of defense.

Sherman v. *Champlain Trans. Co.*, 31 Vermont, 162.
Tomlinson v. *Ballet*, Law's Digest, 229.

Accordingly, the courts of the United States refuse to take cognizance of cases between citizens of the same State, when they involve, not the infringement of a patent, but controversies growing out of contracts of which the right is merely the subject-matter.

Goodyear v. *Day*, 1 Blatch. 565.
Burr v. *Gregory*, 2 Paine, 432.
Brooks v. *Stolley*, 3 McLean, 523.

The result of the authorities then, appears to be, that the State courts are competent either at law or in equity, to enforce a contract or a trust of which a patent right is the subject-matter, where the validity of the patent is not directly in question, and even to pass on that when it arises *ex necessitate*, or by way of defense in an action on a con-

tract. A promissory note given in consideration of the assignment of a patent right which has been fraudulently obtained, was held void."

Bliss v. *Negus*, 8 Mass. 445.
Cross v. *Huntley*, 3 Wend. 385.
Head v, *Stevens*, 18 Wend. 411."

"State courts have jurisdiction in cases of contracts in which patents are brought in collaterally."

Billings v. *Ames*, 32 Missouri, 265.

"Where the purchaser of a patent right gave therefor his promissory note, and the patent proved to be void, the note was held to be entirely without consideration, notwithstanding the vendor covenanted that he had good right to sell and convey the patented privileges, and that he would warrant and defend the same against the claims of all persons. A promissory note given for a void patent right is without consideration, notwithstanding the vendor believed at the time of sale that the patent was valid.

Dickinson v. *Hall*, 14 Pickering, 217.

That case is analogous to the case at bar in this, that here plaintiffs in error contracted to save and keep harmless defendant from all suits for infringement, and to defend all such suits at their own expense.

"An action may be maintained by the buyer of a patent right on false representations of the seller which induced the purchase, as to what was covered by the patent. An action for deceit in the sale of patent rights may be maintained in a State court, though its determination involves collaterally the construction and validity of the letters patent."

Davis v. *Park*, 103 Mass. 501.

This question is exhaustively discussed by Justice Gray, in *Nash* v. *Lull*, 102 Mass. 60, where it is said: "In a suit brought upon a promissory note, the only consideration for which is the assignment of an interest or a right under

the patent, the question of consideration depends upon the validity of the patent. If the patent is void, the note is, of course, without consideration, but if it is valid, the court will not inquire into the adequacy of the consideration. The issue in such a case is, therefore, the same as in a suit in the courts of the United States for the infringement of a patent, the validity of which is denied by the defendant, and so it has been repeatedly adjudged by this and other courts.

Bliss v. *Negus*, 8 Mass. 49.
Dickerson v. *Hall*, 14 Pickering, 217.
Bierce v. *Stocking*, 11 Gray, 174.
Lester v. *Palmer*, 4 Allen, 145.
Dunbar v. *Martin*, 13 N. H. 311.
Cross v. *Huntley*, 13 Wendell, 385.
Geigen v. *Cook*, 3 W. & S. 366.
Myers v. *Trainor*, 17 Ill. 179.
Jolliffe v. *Collins*, 21 Mo. 473.

Commenting on the case of *Elmer* v. *Pennell*, 40 Me. 430, the court says, that that decision is inconsistent with the principles above stated, and the authorities above referred to.

"A direct suit for the infringement of a patent must be brought in the courts of the United States, for the very acts of Congress which created the right, provided that all actions and cases in law and equity arising under those laws, shall be originally cognizable in those courts. U. S. Statutes 1836, Chap. 357, Sec. 17; 5 U. S. Statutes at Large, 124.

Gibson v. *Woodworth*, 8 Paige, 132.
Dudley v. *Mayhew*, 3 Comst. 9.
Parkhurst v. *Kinsman*, 2 Hal. (Chan.) 600.

But such a provision does not deprive the State courts of the power or duty whenever the question arises collaterally, of deciding whether the patent which is relied upon, is of any validity.

Rich v. *Hotchkiss*, 16 Conn. 409.

Sherman v. *Chaplain T. Co.*, 31 Ver. 162.
Slemmer's Appeal, 58 Penn. St. 155.

The Supreme Court of the State of North Carolina, in the case of *Lindsay* v. *Roraback*, 4 Jones' Equity, 154, in considering this question, says: "Where it becomes necessary for our courts of equity, in the exercise of their ordinary jurisdiction, to pass upon collaterally, the validity of a patent right, there is no reason why they may not do so."

IV.

The learned counsel for plaintiffs in error, in his brief, pages 4 and 5, lays down two propositions, controverting the jurisdiction of the State court to pass upon the question of infringement, and cites a number of authorities in support thereof. His first proposition is: "*A State court has no jurisdiction in any case where the decision involves the construction of conflicting patents; the jurisdiction of United States courts in such cases being exclusive,*" citing, *inter alia* Revised Statutes, chapter 12, section 699 to 711; *St. Paul Plow Works* v. *Sterling*, 127 U. S. 376.

Dale Tile Mfg. Co. v. *Hyatt*, 125 U. S. 646, and
Wood v. *Skinner*, 139 U. S. 293.

An examination of *The St. Paul Plow Works* case will readily show that it does not sustain the contention of counsel. That case was originally brought in the Circuit Court of the United States for the District of Minnesota, by a citizen of Nebraska, against a Minnesota corporation. Primarily, the jurisdiction of the Circuit Court rested on the question of citizenship. The suit was for a breach of an agreement in writing, relating to letters patent for an improvement in plows. The defendant, in its answer, admitted the agreement, but denied the breach and denied that the plaintiff was originally the inventor of the improvement in plows. A judgment was given for the plaintiff. Defendant brought the case to this court, and the decision of the court was sustained, under section 699 of the Rev. Stat., by which a writ

of error or appeal may be allowed from any final judgment or decree of the Circuit Court, without regard to the sum or value in dispute, "in any case touching patent rights."

The court held that the questions whether the patent was valid, or whether it had been infringed, were put in issue by the pleadings and decided by the Circuit Court, and that the case therefore became one touching patent rights; but it did not decide that the case came under paragraph 5, section 711, giving the United States courts exclusive jurisdiction over cases arising under the patent right laws of the United States. In fact, the court declared that the question whether, within the meaning of other statutes and in the light of other decisions, the case could be considered one as arising under the patent laws of the United States, was a question not before them. *Dale Tile Mfg. Co.* v. *Hyatt* and *Wood* v. *Skinner*, commented upon elsewhere.

The second proposition is as follows:

"*Where a question of infringement of patents is involved, a State court has no right to receive the testimony of any witness, or any other evidence than the record of a finding of a Federal court construing the letters patent in the case.*"

In support of this proposition he cites, *inter alia*,

Dale Tile Mfg. Co. v. *Hyatt*, *supra*, and

Brooks v. *Stolley*, 3 McLean, 523.

We submit that neither of these cases sustains the proposition above quoted. The case of *Brooks* v. *Stolley*, has been commented upon elsewhere, and the substance of the decision set forth. In *Dale Tile Mfg. Co.* case, while the suit was brought on a written agreement concerning letters patent, by which the defendand was licensed to make and sell certain articles, the defendant contended that the court had no jurisdiction of the action, because it involved necessarily and directly the construction of letters patent of the United States, the suit being in a State court. The court held, that the defendant was not in a position to raise this question, because it could not, in this action to recover the royalties agreed upon, deny the validity of

the patent, so long as it had not been declared void, and while the defendant retained and acted upon its license from the plaintiff.

This court, in its opinion, reviewed many of the authorities heretofore cited, going to show that the suit was not one arising under the patent laws, of which the Federal court would have exclusive jurisdiction; but it does not approve that part of the decision of the New York court, suggesting that it would have no jurisdiction to determine the validity of the patent in an action upon an agreement between the parties; but says that inasmuch as the New York court decided the case on other grounds, said question was not before it; the decision of the court having been based upon the contract between the parties, and that it was not necessary for it to determine any question depending upon the construction of patent laws of the United States. There being other grounds broad enough to sustain the judgment, it was unnecessary to examine the Federal question.

It will be seen that neither of the authorities cited, sustains either of the propositions laid down by counsel. On the other hand, by a large number of authorities already cited, we have sustained the right of the State court to entertain an inquiry as to the validity of a patent, where such inquiry arises collaterally in actions *ex contractu*.

In reviewing the opinion of the Supreme Court of the State of Illinois, counsel (Brief, p. 11) says: "The Supreme Court of the State of Illinois, in the opinion herein filed, says: 'If appellants had no right to grant the use of the apparatus, there was a total failure of consideration, and appellee was not bound * * * to subject itself to liability for infringement under the Springer patent, and might rightfully refuse further to be bound, whenever it became apparent that the use of the apparatus subjected it to damages for the use of the Springer patent.'" That the proposition laid down by the Supreme Court of Illinois, quoted above, is sound, both in law and morals, will not admit of controversy, and it is just as sound when the validity of the patent is determined by one tribunal as by

another, the only question being as to the right of a given tribunal to determine the question. The consequences of the determination will be equally disastrous or beneficial, whether determined by the courts of the United States, or by the courts of the State.

Counsel further says: "If this rule should be once established, it would soon become a prolific source of fraudulent practice, in suits brought to recover the purchase price of machinery covered by letters patent. It would be only necessary for the persons purchasing the patented article which was represented to be no infringement, to get some person representing a rival patent, to bring suit against him in order to rescind his contract of purchase, and all suits brought for the purchase price of a patented machine would thus meet with a complete and speedy failure, and leave the seller without remedy." To this it is only necessary to reply, that if, as suggested in the comment of counsel, the patented article had been represented to be no infringement, then the question of fraud and circumvention would arise, as in the present case, and the result might be determined thereon. But the court will not anticipate that any such consequences as suggested by counsel, will follow a proper adjudication of any question, nor will any such consequences be beyond the power of the courts to remedy.

Let us consider the consequences of the rule contended for by counsel. Suppose that the pleas of fraud and circumvention and of subsequent promise, had had no foundation in the case at bar, and that the plea of failure of consideration had been held to be untenable, on well established authority. Then, although defendant had been prevented from operating the gas apparatus by the threat of prosecution, or by the pending proceedings, and the apparatus had by reason thereof became wholly worthless to defendant, still it would have been compelled to submit silently and without defense, to an outrageous wrong. As suggested in the case of *Page* v. *Dickerson*, 28 Wis. *supra*, "to deny defendant this right would result in compelling it to pay money on a mere *nudum pactum*, which is contrary to natural

justice;" and however flagrant an infringement a pretended patent might be, as a matter of fact, the purchaser of any right under such pretended patent would be wholly without defense in a suit for the collection of the purchase money, until there had been in the United States court a solemn and conclusive adjudication of the question of infringement. Such adjudication might not be within the power of the purchaser of the patent right to procure, without incurring thereby much greater expense than the amount of his liability on the claim sued for, and if in the end the seller of the patent right should be irresponsible, the purchaser, after having been subjected to vexatious litigation and loss, would be wholly without remedy. The case at bar is a forcible illustration of this danger.

While plaintiffs in error, in the contract in evidence, agreed to defend all suits brought against defendant, and to save and keep it harmless from the consequences of all prosecutions, and while they afterward, in order to be permitted to construct the apparatus in question, agreed to give defendant an indemnifying bond after it had been threatened with prosecution, they gave no such bond, but refused so to do, and there is no evidence that any suit against them under the promise in the contract, would be of any avail to defendant. Had defendant in error continued in the use of the patented article, it would unquestionably have been liable to judgments for large amounts in the United States court, and would have been compelled at best, after being subjected to such liability, to take its chances of collecting the same from the plaintiffs in error. We submit that there has been no improper hardship entailed upon plaintiffs in error in this case. When they made the contract in question, they knew from conversations with defendant's officers and the contents of the contract that defendant in error was unwilling to assume the risks of litigation in connection with the patented article. It was their duty, then, to know of a certainty whether or not the article which they sold, was one which defendant in error could use without assum-

ing any risk. They were distinctly told that defendant would not buy the apparatus if there was or would be *any claim of infringement.*

Notwithstanding all of their promises and representations, very soon after the construction of the apparatus, defendant in error was assailed by a suit in the United States court for an infringement of a patent right. This suit had been pending in the United States court nearly four years at the time of the trial of the case at bar. It would be highly unreasonable and unjust to require defendant in error, during all that time, to go on using the apparatus in question, and continually subjecting itself to large pecuniary liability. The suit in the United States court was pending at the time the case at bar was begun in the Circuit Court of Edgar County; plaintiffs in error were aware of that fact; they chose their forum; there was no question of the right of said court to hear and determine their case, which was one brought on simple contract liability.

We insist that defendant in error was entitled in that forum to present any legal defense to the cause of action, and among such defenses was a plea of failure of consideration, upon which it was competent to show, that plaintiffs in error had no right to sell the article purchased by defendant, and that by reason of such want of right the consideration of the promise had wholly failed. We further insist that if that had been the only issue in the case, the evidence sustains the verdict, and judgment thereon was properly entered. But, as has already been urged, and, as we believe, on ample authority, the decision of this question was not necessary to the judgment given in the Circuit Court of Edgar County, or to its affirmance in the Supreme Court of the State. That court distinctly bases its affirmance upon the pleas of fraud and circumvention, and the failure to give an indemnifying bond, in accordance with the promise. These matters involved no Federal question, and will not be reviewed by this court.

We insist, therefore, that no right, privilege, or immunity under the Constitution or laws of the United States was properly claimed or set up on the trial or hearing of this case in the State court, nor was the determination of any Federal question necessary to the judgment given in the trial court or in the Supreme Court of the State on affirmance of said judgment.

We therefore respectfully ask that the decision of the Supreme Court of the State of Illinois be affirmed.

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